

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House
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FISCAL IMPACT STATEMENT

LS 7285

BILL NUMBER: HB 1373

DATE PREPARED: Jan 4, 1999

BILL AMENDED:

SUBJECT: County option fees.

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FUNDS AFFECTED: ☒ **GENERAL**
☒ **DEDICATED**
FEDERAL

IMPACT: State & Local

Summary of Legislation: This bill allows a county containing an Indiana state park, reservoir, forest, or recreation area to impose a recoupment fee on each motor vehicle that is admitted to the state park, reservoir, forest, or recreation area. The recoupment fee may not exceed \$1 per vehicle. The Department of Natural Resources (DNR) must collect the fee which must be used to assist local governments that provides police protection, fire protection, emergency medical services, and road repairs. A recoupment fee imposed by a county on motor vehicles admitted to a recreation facility that is under a lease arrangement with the United States Army Corps of Engineers must be approved by the United States Army Corps of Engineers before the recoupment fee is collected.

Effective Date: July 1, 1999.

Explanation of State Expenditures: The DNR will experience additional administrative expenses associated with the collection of the recoupment fee. The increase in expenses will depend on the number of counties that impose the fee. If many counties adopt the fee, an additional staff person (a PAT V accountant) would be needed to administer and track fees. Annual salary for a PAT V is estimated at \$30,870 for fiscal year 2000 and \$30,290 for fiscal year 2001. (These totals include fringe benefits and indirect costs.)

The funds and resources required above could be supplied through a variety of sources, including the following: (1) existing staff and resources not currently being used to capacity; (2) existing staff and resources currently being used in another program; (3) authorized, but vacant, staff positions, including those positions that would need to be reclassified; (4) funds that, otherwise, would be reverted; or (5) new appropriations. (As of 11/30/98, the DNR had 1,226 positions that were vacant. However, this total includes both permanent and intermittent employees.) Ultimately, the source of funds and resources required to satisfy the requirements of this bill will depend on legislative and/or administrative actions.

The DNR manages 24 state parks, 13 state forests, and 16 fish and wildlife areas. DNR properties are policed

by conservation officers, the Indiana State Police, and the local sheriff. If additional revenue were provided to local units for law enforcement, the state involvement might be reduced.

Explanation of State Revenues: The estimate below assumes that all counties will impose the recoupment fee. Generally, the DNR experiences an initial decrease in gate or rental fees or in sales when fees or costs are increased. The extent of the decrease varies, depending on what fee or cost is increased. Gate fees for residents were last increased in early 1987 by 33% (from \$1.50 to \$2.00 per car).

State park records for calendar year **1986** show a total gate revenue from all parks of \$1,374,527. Assuming that all the revenue was generated by vehicles, an estimated 916,351 vehicles entered state parks and paid the daily fee. (The total revenue cited would include walk-in traffic; however, revenue generated from walk-in traffic is minimal.)

State park records for calendar year **1987** show a total gate revenue from all parks of \$1,722,303. Assuming that all the revenue was generated by vehicles, an estimated 861,152 vehicles entered state parks and paid the daily fee. Although it is difficult to compare gate and annual pass revenues for DNR properties from year to year due to vagaries of weather, fuel prices, the economy, and other factors, the 1987 data reflect a decrease in vehicles paying the daily fee of 6% after the 33% price increase.

The current gate fee is \$2 for in-state visitors. The \$1 recoupment fee will increase the gate fee by 50%. The gate fee for out-of-state visitors is \$5. The recoupment fee will increase this fee by 20%. (Out-of-state visitors did not pay a higher fee than in-state visitors in 1986 and 1987.)

The above proposal could also affect the sale of annual passes. Visitors who purchase an annual pass will also be assessed a recoupment fee at the gate. The DNR sells approximately 55,000 annual passes each year. For in-state visitors, the annual pass costs \$18. Out-of-state visitors pay \$25 for an annual pass. The additional recoupment fee might also initially have an adverse effect on the sale of annual passes.

The annual daily gate fee raised approximately \$2.7 million in **1997**. Given that a 33% increase may have reduced attendance by 6% when in-state and out-of-state fees were the same and given that annual passes would also be affected by the recoupment fee, the DNR could experience an initial decrease in attendance of 10% with a 50% increase for in-state visitors and a 20% increase for out-of-state visitors. A 10% decrease in attendance would reduce revenue from state parks by approximately \$272,000. The figures cited in the table above assume a 10% decrease the first year and a 5% the second. In subsequent years the decrease would be offset by a return to visitation numbers that would be comparable to those numbers prior to the increase.

Fees collected from gate fees and annual passes are deposited into a state parks dedicated fund that is used for the maintenance of state parks and reservoirs.

As a point of information, the DNR's Division of State Parks and Reservoirs leases and manages 8 reservoirs that are owned by the U.S. Army Corps of Engineers and one small state water project. The 8 reservoirs for which the state has responsibility are maintained by the DNR for recreational use and fish and wildlife management (not for flood control purposes). (The eight reservoirs are Brookville, Hardy Lake, Huntington, Lieber, Mississinewa, Monroe, Patoka, Raccoon, and Salamonie.) Of the eight reservoirs, 3 attract significant numbers of out-of-state visitors. In 1996-97 approximately 33% of visitors to Brookville Reservoir were from out-of-state. Patoka Reservoir attracted visitors from Kentucky. Approximately 20% of visitors to Raccoon Reservoir were from Illinois.

Explanation of Local Expenditures:

Explanation of Local Revenues: Counties that contain an Indiana state park, reservoir, forest, or recreation area that provide police protection, fire protection, emergency medical services, and road repairs would be eligible to receive revenue from recoupment fees. The estimate below assumes that all counties will impose the fee.

In 1996-97, 256,700 vehicles paid a gate fee to enter *reservoir* properties. In 1996-97, 809,000 vehicles paid a gate fee to enter a *state park*. Given these figures, reservoir and state park vehicle attendance totaled approximately 1,065,700.

Assuming a 10% drop the first year, the estimated vehicle attendance would equal 959,130. (The 1997, 1,065,700 attendance multiplied by 90% equals a 959,130 attendance.) Based on this figure, a \$1 recoupment fee would generate an estimated \$959,130. Local units would receive approximately \$479,565 for one-half of the first calendar year (due to the July 1 effective date.)

A 5% decline in the second year would generate an estimated \$1,012,415. (The 1997, 1,065,700 attendance multiplied by 95% equals 1,012,415 attendance.) An estimated \$1,065,700 would be generated in the third year, assuming a return to 1997 visitation levels. (Updated attendance information for 1998 will be provided when it becomes available.)

State Agencies Affected: Department of Natural Resources.

Local Agencies Affected: Counties that contain an Indiana state park, reservoir, forest, or recreation area.

Information Sources: Jim Cassidy, Assistant Director, Division of State Parks and Reservoirs, DNR (317) 232-4126; Indiana's Reservoirs: A Master Plan for the System, Division of Outdoor Recreation, Planning and Environmental Review Section, 1986; Indiana 1997 Recreation Guide, DNR, Division of State Parks and Reservoirs; Louise Krick, Director, Human Resources Division, DNR (317) 232-4031.